



U.S. Department of Transportation  
Federal Highway Administration

IMPROVED  
**CONSTRUCTION**  
new strategies to enhance the quality  
**AND**  
**MAINTENANCE**  
performance of highway systems  
TECHNOLOGIES

## Fraud Prevention: Suspension and Debarment

Federal Highway Administration (FHWA) division offices and State transportation agencies have a responsibility to report suspicions of fraudulent activity in highway construction projects. They also are required to ascertain that the people they do business with are eligible to participate in Federally assisted projects—that they are not “excluded parties.” Excluded parties are individuals and companies debarred, suspended, proposed for debarment, or declared ineligible by a Federal agency.

Suspension and debarment actions protect the Federal Government from conducting business with individuals and firms who have a record of unsatisfactory business ethics. The actions are administered government-wide—a person excluded by one Federal agency is excluded from doing business with any Federal agency. Provisions for suspension and debarment apply to all Federally funded contracts.

Suspension temporarily excludes individuals from participating in Federal assistance programs while a debarment action is being processed. Causes for suspension include adequate evidence of a cause for debarment, such as an indictment. A debarment is generally in place for 3 years, although longer periods may be imposed. Causes for debarment include the following:

- Conviction of or a civil judgment for—
  - fraud or a criminal offense in connection with an agreement or transaction
  - violation of a Federal or State antitrust statute
  - embezzlement, theft, forgery, bribery, falsification or destruction of records, false statements, receiving stolen property, false claims, obstruction of justice
  - any offense that shows a lack of business integrity or honesty that seriously and directly affects the individual’s responsibility
- Violation of the terms of a public agreement or transaction
- Doing business with a debarred, suspended, or ineligible person
- Failure to pay certain substantial outstanding debts
- Violation of a voluntary exclusion agreement
- Any other cause so serious that it affects the individual’s responsibility

### Things to Watch For

- *Repeated awards* to the same contractors
- *Questionable documentation*—altered, backdated, modified, or missing information
- Use of *multiple or unusual mailing addresses* and post office boxes on documents and certifications
- *Mismarking or mislabeling* of products or materials
- *Incomplete contractor or supplier files*—missing original delivery records or certifications showing source, specifications, tests
- Consistent *cost overruns*
- Truck weight tickets showing *loads that exceed truck capacity*
- *Manual entries or adjustments* to electronic payroll records
- *Evidence of bid rigging*

**OIG Hotline: 800-424-9047**

**E-mail: [hotline@oig.dot.gov](mailto:hotline@oig.dot.gov)**

## IMPLEMENTING SUSPENSION AND DEBARMENT REQUIREMENTS

The General Services Administration maintains a government-wide “List of Parties Excluded from Federal Procurement and Nonprocurement Programs.” This list is updated daily and can be searched or downloaded over the Internet at [epls.arnet.gov](http://epls.arnet.gov). The suspension and debarment requirements and procedures of the U.S. Department of Transportation (USDOT) and FHWA are detailed in Title 49, Code of Federal Regulations, Part 29, available at [www.gov/nara/cfr/](http://www.gov/nara/cfr/), and in FHWA Order 2000.2A.

## REPORTING SUSPICIONS OF FRAUD, WASTE, OR ABUSE

Any suspected fraudulent activity—whether it involves a Federal or State employee, contractor, subcontractor, or any other participant in a Federally-assisted highway project—should be reported to the Office of the Inspector General (OIG) Office of Investigations, USDOT. The OIG is responsible for investigating charges of fraud, waste, and abuse in FHWA programs.

Suspected fraudulent activities include bid rigging, product substitution, theft, overcharging, false certifications and representations, and the like. Any allegations of bribery, kickbacks, gratuities, and conflicts of interest involving Federal or State employees should also be reported to the OIG. A few examples of indicators of possible fraud are listed at the left.

To report suspicious activity, call the National OIG hotline (800-424-9047) or e-mail [hotline@oig.dot.gov](mailto:hotline@oig.dot.gov).

For more information, contact your local FHWA Division Office or:

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